

Fiscal Note

Fiscal Services Division



HF 688 – Economic Development Tax Credits (LSB 2759HV)
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Fiscal Note Version – New
Requested by Representative Erik Helland

Description

House File 688 makes additional tax credits available for investments in qualifying businesses and community-based seed capital funds. The Bill eliminates the current \$10.0 million lifetime cap for the program and requires the Department of Economic Development to allocate \$2.0 million of the existing annual \$125.0 million tax credit cap to this purpose.

The change is effective July 1, 2011, and is retroactive to tax year 2011.

Assumptions

- The change first impacts the tax credit cap for FY 2012.
- The current \$125.0 million annual Department of Economic Development tax credit cap will be achieved in FY 2012, with or without the \$2.0 million addition in this Bill.

Fiscal Impact

Although the Bill directs the Department of Economic Development to allocate a new \$2.0 million in tax credits annually to qualifying businesses and community-based seed capital funds, the \$2.0 million is made part of a \$125.0 million pool that is not enlarged, so any tax credits awarded for investments in these activities necessitate the award of reduced tax credits through some other tax credit program currently under the \$125.0 million cap.

Sources

Legislative Services Agency analysis

April 25, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
